

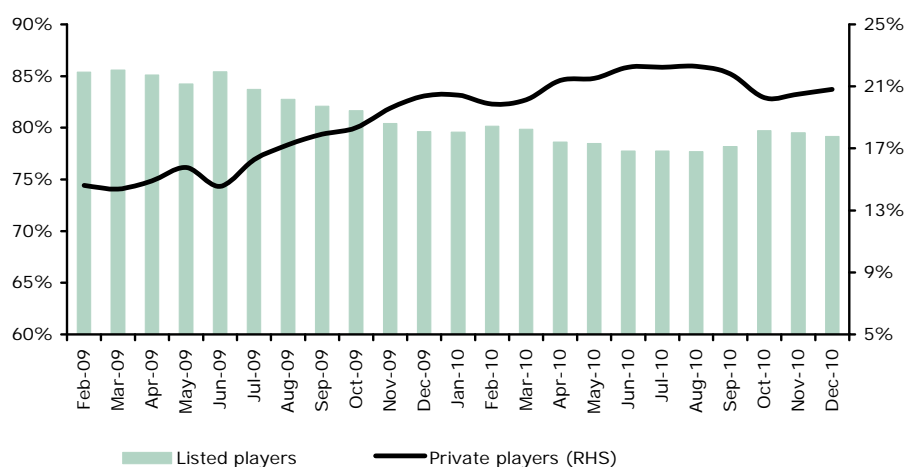
PICK UP IN DEMAND IN DEC-10

KSA cement sales increased by 21.8% MoM and 11.5% YoY in Dec-10. The robust sales growth more than offset the increase in cement / clinker production, leading to inventory declining to the lowest level since July-2010.

This is an extract of our published report, the full version of which can be found on the ncbc.com website

- **Sales:** Domestic cement sales grew by 11.5% YoY to 3.73 mn tons. There were no domestic clinker sales in both Dec-09 and Dec-10.
- **Exports:** Cement exports stood at 139,000 tons in Dec-10, up 7.8% YoY but down 7.9% MoM from 151,000 tons in Nov-10.
- **Production:** Cement production increased by 15.8% YoY to 3.84 mn tons in Dec-10. Additionally, clinker production increased by 6.4% YoY to 3.71 mn tons.
- **Market share:** Unlisted private players' domestic cement market share grew by 0.3% MoM to 20.8%. However, it declined 0.2% MoM to 21.7% when including exports and clinker sales.

Chart of the month: Unlisted private players continue to take KSA cement market share after a dip in Sep-10 and Oct-10



Source: Yamama Cement, NCBC Research

Exhibit 1: Saudi cement companies – Valuation matrix

	Rating	MCAp \$mn	Stock perf (%)		P/E (x)	EV/ EBITDA	P/BV (x)	EV/ton 10E	DY (%)	ROE (%)
			Dec	YTD						
Southern Cem (SPCC)	UW	2,243	(2.0)	(2.0)	12.4	9.5	3.6	342.9	8.3	28.2
Yamama Cem (YSCC)	OW	1,920	3.4	3.4	10.5	8.1	2.4	299.0	6.6	20.5
Saudi Cem (SCC)	N	1,973	14.0	(3.0)	10.5	9.6	2.3	269.3	4.8	19.8
Qassim Cem (QCC)	N	1,424	3.8	(4.8)	10.7	8.5	3.1	324.4	8.4	27.4
Yanbu Cem (YCC)	N	1,267	5.2	5.6	11.5	7.6	2.0	265.3	6.6	16.0
Eastern Cem (EPCC)	N	1,010	7.6	(2.9)	10.4	8.1	1.9	275.9	6.8	16.7
Arabian Cem* (ACC)	NC	654	(5.3)	(10.5)	7.0	8.2	1.0	182.6	6.5	13.0
Al Jouf Cem (TCC)	NC	396	3.0	(6.6)	N/A	N/A	1.2	N/A	N/A	N/A
Tabuk Cem* (TCC)	NC	437	2.2	(2.2)	12.8	6.2	1.5	210.8	6.9	11.2

Source: NCBC Research

All prices as of January 30, 2011, * On a TTM basis

N: Neutral, UW: Underweight, OW: Overweight, NC: Not Covered

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OVERWEIGHT:	Target price represents expected returns in excess of 15% in the next 12 months
NEUTRAL:	Target price represents expected returns between -10% and +15% in the next 12 months
UNDERWEIGHT:	Target price represents a fall in share price exceeding 10% in the next 12 months
PRICE TARGET:	Analysts set share price targets for individual companies based on a 12 month horizon. These share price targets are subject to a range of company specific and market risks. Target prices are based on a methodology chosen by the analyst as the best predictor of the share price over the 12 month horizon

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